

AUGUST

15

FRIDAY

"Inspiration for next week is midcap and pennies?!"

ADVISORY DIARY

- **Q22014 Result Updates: NTP, GMD, HAG**
- **Prospect of HAGL Myanmar property project**
- **Inspiration for next week is midcap and pennies?!**
- **Weekly Technical Analysis**

NTP – Q22014 Result Updates

Our analyst has a brief discussion regarding to 2Q2014 performance result of Tien Phong Plastic Joint Stock Company (HSX-NTP). Accordingly, 2Q2014 revenue was relatively impressive which reached over VND833.4 billion (+18.5% yoy). It was the consequence of transferring partially production capacity from a factory in Hai Phong to a larger production acreage factory in Nam Cam Industrial park, Nghe An. As a result, economies of scale and consumption yield surged. However, a price of PVC resin decreased in the first half year (7-8%), whereas output price almost remained unchanged that caused profit margin to shrink. The Company also increased discounts for agents in purpose of shielding market share. Therefore, selling expense maintained a high level and rose slightly in comparison with the same period, in consequence, 2Q2014 NAT recorded VND 96 billion and declined by 3.7% yoy.

To forecast the second-half year' prospects, our analyst said that NTP business could maintain its stability. Moreover the resin price is likely to drop in line with crude oil price, thus it might put positive impact on Company's business. Estimated revenue and NAT in 2014 might reach VND2,677 billion (+8% yoy) and VND309 billion (+6.6% yoy) respectively, equivalent to EPS of 5,488 VND per share. At today's closed price of VND47,600, NTP is currently 35% lower than the target price in our latest result update, meaning a BUY recommendation. However, NTP's liquidity is quite low with average trading volumes in the latest 10 sessions of 4,200 shares, we believe that it could deduct this ticker's attractiveness.

GMD – Q22014 Result Updates

GMD added 3.3% today after the release of 1H2014 consolidated financial statement wherein net income was seen considerably from a year earlier at VND543 billion. An extraordinary income item of nearly VND600 billion was recognized during the period for GMD's transfer of 85% of stake in class A office building Gemadep Tower (06, Le Thanh Ton, Dist.01, HCMC) to CJ Group (Korea). This is completely within expectation, said our analyst as the item had been "saved" by the Company since late 2013. In 4Q2014, the GMD booked a profit of VND669 billion from the revaluation of Gemadep Tower in the parent company's statement as it forward the ownership of the building (including the land) as equity contribution to one of its subsidiaries, i.e. Marproco. However, no profit has been recognized in the consolidated statement until now as procedures for the change of ownership were not complete. A 4-time increase in Cash flows from investing activities in Q2's report also suggested actual receipt of the transfer proceeds during the period. With 1H2014 result, GMD has met pre-tax income guidance of 2014 (VND600 billion).

Investing activities aside, GMD also reported some improvement in its core businesses in 1H2014. During the 6-month period, revenue from port operation added 24% and transport and logistics 8% from a year earlier. Separately, gross margin of the port business climbed to 30% in Q2 from 26% in 1Q2014, mostly thanks to the five-hundred-thousand-TEU-per-year Nam Hai – Dinh Vu Port's opening for business in May. At an estimated capacity of 50-60%, we expect the new port to drive the revenue of GMD's port operation segment up 20-25% and cover the loss of office leasing revenue this year.

Closing today at VND37,600/share, GMD is trading at a forward P/E ratio of 5.6x. Adjusted for the one-off profit from Gemadept Tower, however, the price multiple is determined at 17.1x, not really an attractive valuation for now in our opinion. We will provide more detailed updates and in-depth analyses on GMD's operations and investments after meeting with the Company.

HAG – Prospect of HAGL Myanmar project and Q22014 Result Updates

As mentioned in the early week, today, we continue to update the newest comments about HAGL Myanmar project which HAG is executing in Yangon. From general view, Myanmar property market is under the hottest time than ever before and we think HAG is one of the first investors who grasped this opportunity.

Before 2012, property supply in Myanmar was very limited and not did not meet demand, however, changing wave has come to Yangon since this country opened property market. Our preliminary survey about having been under construction projects at here (see more in appendix), we saw the supply is increasing more dizzy, especially in 2015. Property price has reached the highest level since Myanmar opened its economy but increasing speed has been slowed down. We quite agree with one comment according to a short article of local property magazine which our analyst has read, as below:

“Property price peaked.

Property trading has come to a standstill. Even people having money do not want to invest more into real estate at current high price. At industrial zone, land price also increased sharply because many investors bought and hold instead of building factories. Property price will be under control soon after construction building completed.” (Kannaray Myanmar 30/05/2014)

However, our analyst believe that HAG still harvest fruits at current attractive price in the next two years after Phase 1 of HAGL Project come into operation, before price will be turned to suitable level thanks to short-run barriers related to approaching land bank, applying for permission then starting construction.

In order to grasp that opportunity, it is obligatory that HAG meet the construction deadline. Construction has now moved to the 5th floor of the shopping mall and one office block and the 6th floor of the other office block. The current speed is about 1 floor/week (for the office blocks and the 27-storey hotel). Construction of the conference center is just at the first floor.

- Phase 1 of the project is set to complete by 1Q2015 and HAG will be receiving deposits for the office and retail spaces in 4Q2014. For the five-star, 400-room hotel, HAG plans to buy the franchise from a well-known hotel chains (Hilton most likely) for a monthly payment. According to this plan, it will take HAG another 6 months under the franchisor’s assistance to get hotel to operate at 5-star standard.
- Phase 2 (5 apartment blocks, 2 class-A office blocks) will be complete in 3Q/2016. With many of apartment projects under development and opening for sale in 2015 in the surrounding areas, the apartment blocks of HAG-Myanmar will see a lot of competition when commercialized. However, if Myanmar passes foreigner ownership of apartments, demand for HAG’s products will be higher, given the foreign-investment-friendly policy and prime location of its current project.

Today, HAG has released 2Q2014 consolidated business result, accordingly, revenue reached over VND698 billion, increased slightly over the same period. In the first-half year, HAG has finished 48.1%, 46.9% target revenue and profits respectively. Revenue from sugar segment keeps its highest proportions, reached over VND295 billion, constituting of 42.3% revenue. In corn business, nearly VND114 billion in revenue was initially booked, which marked up of 16.3% total

revenue and it was also the highest profit margin in 2Q (~63.1%).

Commodity price in 2Q2014 declined remarkably that caused profit margin to fall by 41.7% to that of 53.3% in the same period in 2013. In sugar segment, there was a plummet from 64% to 48.2% whereas rubber price dropped from 62.5% to 42.8%. We believe that the number of rubber and corn products have not been sold out in the first half year. Furthermore, the downward trend in rubber and corn prices is likely to be remained until the end of 4Q2014. Therefore, it was the supplement factor for investors to be noticed.

Inspiration for next week is midcap and pennies?!

Domestic cash flow was not able to remain a positive in the last session of the week. As a result, indices closed reversely, in which, VN30 dropped significantly due to a decrease of MSN (-3.5%) after the company announced its 2Q2014 business results with after-tax-profit of -VND227 billion. In general view, this might cause a negative impact for investors, however; we still witnessed some stocks which attracted positive cash flows. Oil and gas stocks were typical examples, with excitement coming from blue-chips to mid-caps then pennies stocks such as PVE, PVX and PVG going to the ceiling price at the close.

To summarized, there was no significant change in indices this week, cash flow went to oil and gas stocks then small stocks. Foreign investors continued to keep net sold with the net selling value in both exchanges were VND680 billion, including net sold from ETFs. Regarding the most updated data, the number of outstanding shares of both ETFs decreased, there were 150,000 units from VNM ETF and 100,000 units from FTSE ETF compared with the beginning of week. We believe that market still continue to seasaw in the current range, however, under this situation, mid-caps and pennies which have increased recently might cause exciting for short-term investors in the next trading week.

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Appendix: Some property projects in Myanmar – including HAGL Myanmar

Office	HAGL Myanmar	Sakura	Central Point*	The Landmark Developments			
Area	85,000 m2		35,000 m2	65,000 m2			
Rental rate	70-75\$/m2	90\$/m2	75\$/m2 + 5% fee				
Year of completion	2015	Built in 1999	1998	2014			
Trade center	HAGL Myanmar	Shwe Taung International	Junction Square				
Area	38,000 m2	1,850 m2	28,000 m2				
Rental rate	45-50\$/m2						
Occupancy rate	95% for 4 lower floors	70% has been rented ahead since 2012					
Year of completion	2015	2014					
Convention center	HAGL Myanmar	Sedona					
Number of seats		1600	600				
		Opposite project of HAG, unique in Yangon at the moment					
Hotel	HAGL Myanmar	Novotel Yangon	Hilton Yangon				
Number of rooms		400	366	300			
Rental rate*	250-250\$/night						
	* Depending on the location and number of beds						
Apartment	HAGL Myanmar	Micasa	Marina	68 Residence	Golden City	GEMS Garden	Kabar Aye Exe
Population	640 units			220 units	1,200 units		
Selling price				4,800\$/m2	2,700-3,750\$/m2	2,000-2,800\$/m2	4,100-5,500\$/m2
For rent	360 units	185 units	125 units	150 units			
Rental rate		4,500-5,700\$/unit/month	4,500-5,000\$/unit/month				
Occupancy rate		>70%	100%	70% sold	Selling 500 units for period 1		
Office grade A (2 block)	95,000 m2						
Year of completion	2015	Operated in 1998		At the end of 2017	Early of 2017	October-2016	2016

Source: HAG, RongViet Securites

WEEKLY TECHNICAL VIEW

VN-Index

VN-Index lost 1,19 points (or 0,2%), closed at 604,24. Trading volume rose slightly to 456,5 million shares (+5,77%).

After going down to the lower trend line of the current channel, VN-Index recovered slightly to its previous peak at around 610. At this area, VN-Index seems to be weak. Daily candlesticks have long upper shadows, showing strong selling forces. Traders should watch for a break out above the strong resistance at around 610 or a break down below the lower support trend line toward the next support at 595.

Looking at technical indicators, the RSI appears neutral at 60 but the MACD appears a little top-heavy.

Negative divergences between MACD, RSI and price line appear more clearly. This is a soon trend reversal signal warning but we need more confirmations.

HNX-Index

HNX-Index gained 1,29 points (or 1,6%), closed at 82,23. Trading volume increased 14% to 255,6 million shares.

HNX-Index move rather strongly up to the the upper trend line of the current channel. Liquidity also rose above 10-day average volume. Traders should watch for a break out above the upper trend line or a retracement back to the EMA(26) at around 80 before a move higher.

Looking at technical indicators, the RSI and MACD both remain neutral.

Recommendation:

Both indexes reached their strong resistances. Traders consider taking profits and wait for a break out above resistances or a correction towards supports.



Khai Tran

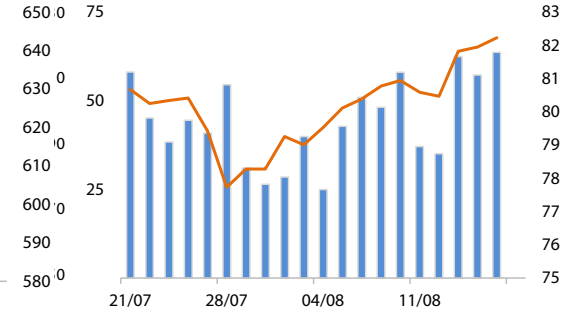
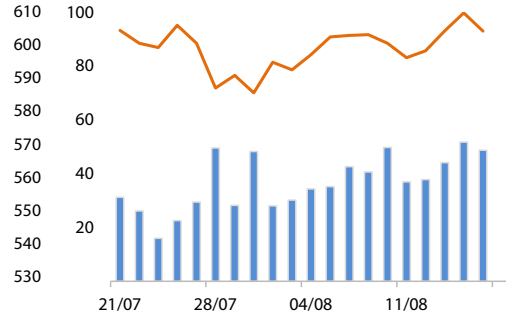
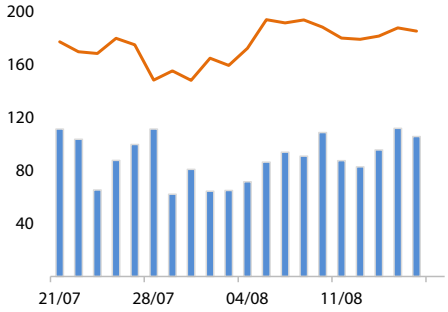
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VNINDEX -0.17% 604.24

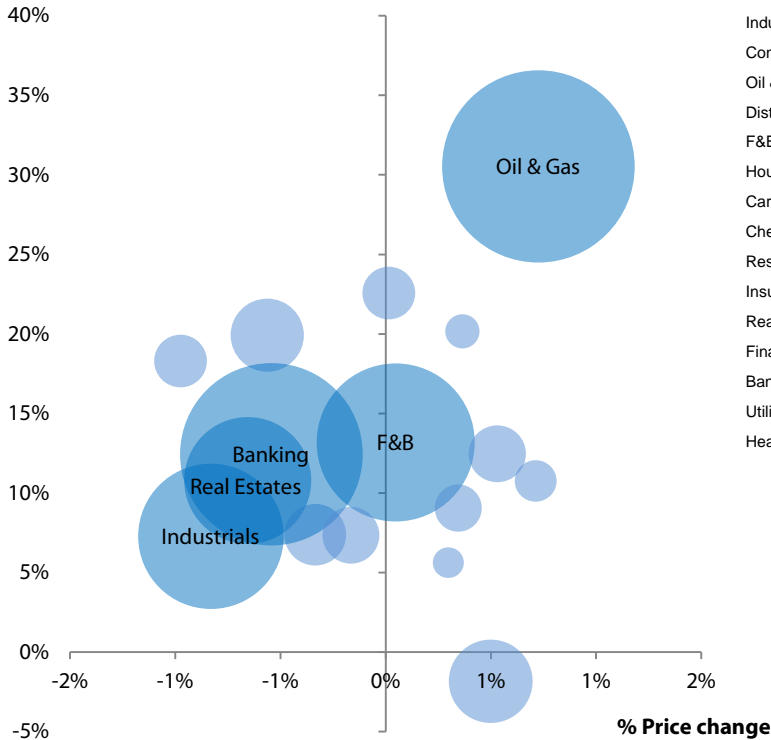
VN30 -0.73% 645.13

HNXINDEX 0.34% 82.23

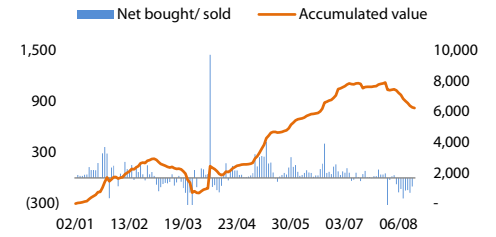


Industry Movement

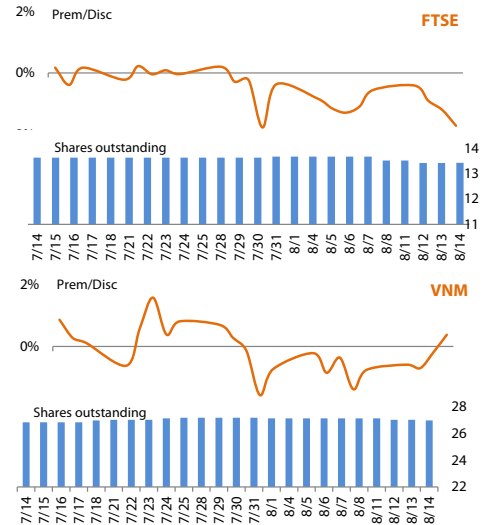
Industry ROE



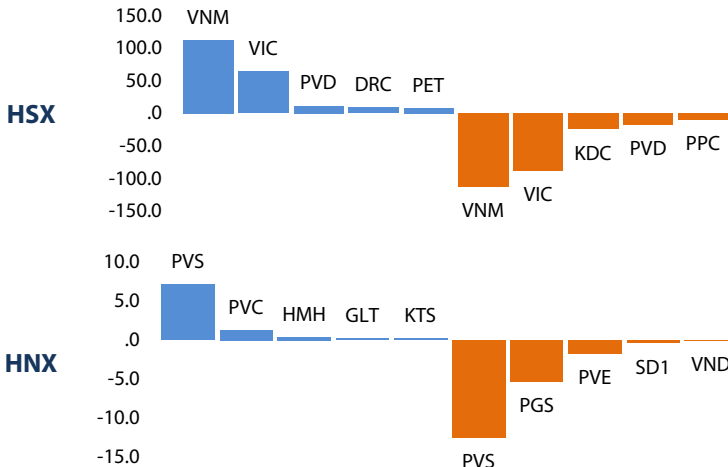
Foreign Investors Trading



ETF



Top net bought/sold by foreigners (VND bn)



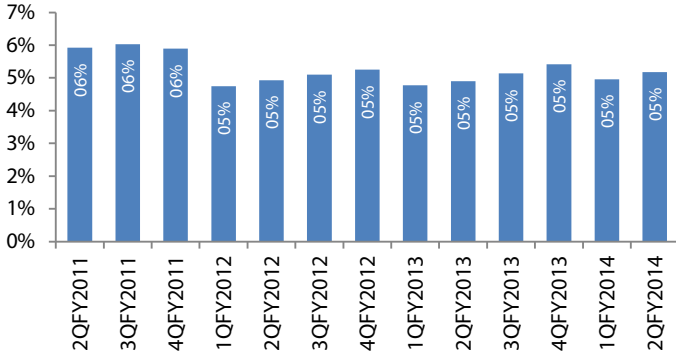
Top Active

Ticker	Price	Volume	% price change
FLC	13.2	10.57	0.0%
ITA	8.1	9.97	2.5%
OGC	11.7	4.11	0.0%
VHG	9.9	3.76	3.1%
PET	20.2	3.72	4.1%

Ticker	Price	Volume	% price change
PVX	5.0	24.37	8.7%
KLF	12.9	3.87	0.0%
PVS	36.4	2.43	-0.6%
SCR	9.8	2.37	2.1%
PVG	12.5	2.14	9.7%

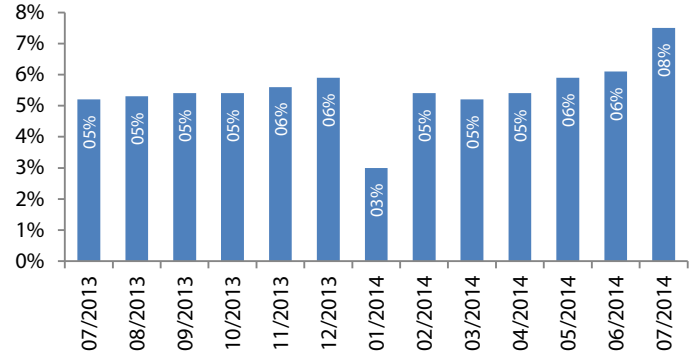
MACRO WATCH

Graph 1: GDP Growth



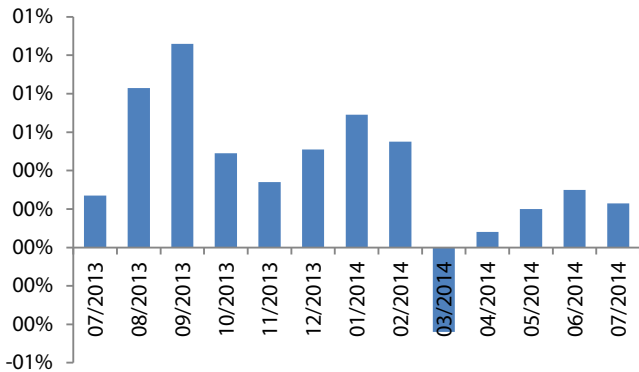
Sources: GSO, Rongviet Securities database
(* Comparison price in 1994)

Graph 2: IIP



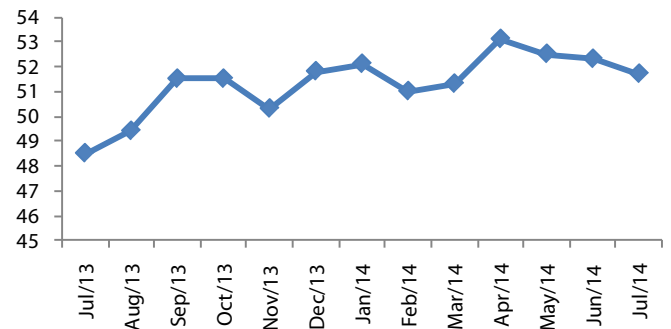
Sources: GSO, Rongviet Securities database

Graph 3: Monthly CPI



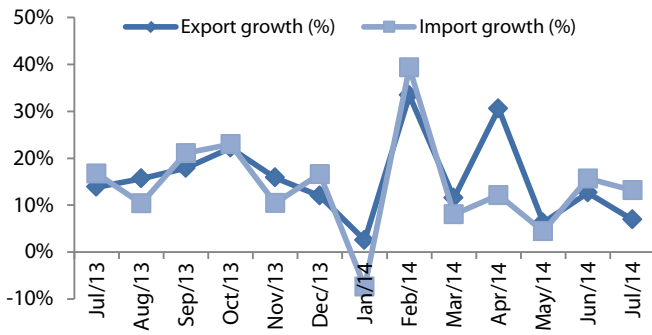
Sources: GSO, Rongviet Securities database

Graph 4: HSBC - PMI



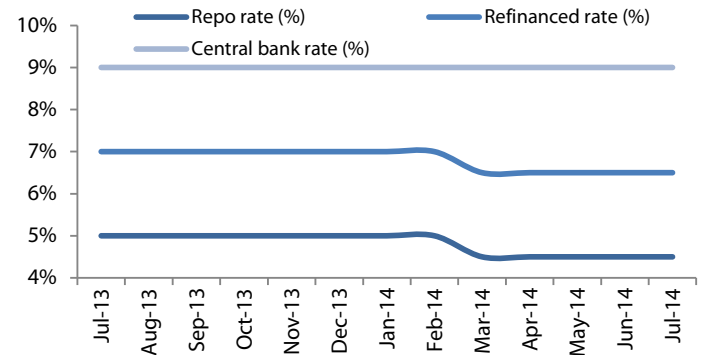
Sources: GSO, Rongviet Securities database

Graph 5: Trade Growth



Sources: GSO, Rongviet Securities database

Graph 6: Interest



Sources: SBV, Rongviet Securities database

RONG VIET NEWS

COMPANY REPORTS	Issued Date	Recommend	Target Price
HPG - On the way to dominate nationwide' market shares	Aug 12 nd , 2014	Accumulated – Intermediate-term	66,400
DBC-Benefit from decline in material price	May 27 th , 2014	Buy – Long-term	28,000
FPT-Leaping revenue	May 27 th , 2014	Accumulate – Intermediate-term	51,600
NBB-Strengthened cash flows	May 07 th , 2014	Buy – Long-term	36,300
DIG-Reboot	April 28 th , 2014	Accumulated – Long-term	19,200

Please find more information at <http://vdsc.com.vn/tabid/149/language/vi-VN/default.aspx>

FUND CERTIFICATION INFORMATION

Fund name	Trading Day	Subscription Fee (% of trading value)	Redemption Fee (% of trading value)	NAV per unit at valuation date	NAV per unit last valuation date	Change in NAV
VFF	05/08/2014	0-0.75%	0-2.5%	11,182	11,053	1.17%
VF1	07/08/2014	0.20% - 1.00%	0.50%-1.50%	22.263	21.759	2,32%
VF4	06/08/2014	0.20% - 1.00%	0.00%-1.50%	10.211	9.946	2,67%
VFA	08/08/2014	0.20% - 1.00%	0.00%-1.50%	7.537	7.422	1,55%
VFB	08/08/2014	0.30% - 0.60%	0.00%-1.00%	11.120	11.002	1,08%
ENF	01/08/2014	0.00% - 3.00%		10,152	10,233	-0.79%

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